

**APPENDIX D**

**EXAMPLE LEASE AND  
LEASE STIPULATION MAPS  
(MAPS NOT AVAILABLE FOR LEASE COC-65117)**

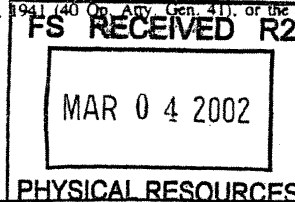
UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
OFFER TO LEASE AND LEASE FOR OIL AND GAS

Serial No. COC65535

The undersigned (reverse) offers to lease all or any of the lands in Item 2 that are available for lease pursuant to the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands of 1947, as amended (30 U.S.C. 351-359), the Attorney General's Opinion of April 2, 1941 (40 Op. Atty. Gen. 41), or the

READ INSTRUCTIONS BEFORE COMPLETING

1. Name GUNNISON ENERGY CORP  
Street 1801 BROADWAY #1200  
City, State, Zip Code DENVER, CO 80202-



2. This application/offer/lease is for: (Check only One) ☒ PUBLIC DOMAIN LANDS

☐ ACQUIRED LANDS (percent U.S. interest \_\_\_\_\_)

Surface managing agency if other than BLM: \_\_\_\_\_ Unit/Project \_\_\_\_\_

Legal description of land requested: \_\_\_\_\_ \*Parcel No.: \_\_\_\_\_ \*Sale Date (m/d/y): 11 / 8 / 2001

\*SEE ITEM 2 IN INSTRUCTIONS BELOW PRIOR TO COMPLETING PARCEL NUMBER AND SALE DATE.

T. \_\_\_\_\_ R. \_\_\_\_\_ Meridian \_\_\_\_\_ State \_\_\_\_\_ County \_\_\_\_\_

Amount remitted: Filing fee \$ \_\_\_\_\_

Rental fee \$ \_\_\_\_\_

Total acres applied for \_\_\_\_\_  
Total \$ \_\_\_\_\_

DO NOT WRITE BELOW THIS LINE

3. Land included in lease:

T. 12 S R. 91 W Meridian 6TH PM State Colorado County Delta  
Sec. 16 : Lot 3,4;  
Sec. 16 : W2,W2SE;  
Sec. 17 : ALL;  
Sec. 18 : Lot 1-12;  
Sec. 18 : E2;

Total acres in lease 1,807.550  
Rental retained \$ 2,712.00

This lease is issued granting the exclusive right to drill for, mine, extract, remove and dispose of all the oil and gas (except helium) in the lands described in Item 3 together with the right to build and maintain necessary improvements thereupon for the term indicated below, subject to renewal or extension in accordance with the appropriate leasing authority. Rights granted are subject to applicable laws, the terms, conditions, and attached stipulations of this lease, the Secretary of the Interior's regulations and formal orders in effect as of lease issuance, and to regulations and formal orders hereafter promulgated when not inconsistent with lease rights granted or specific provisions of this lease.

NOTE: This lease is issued to the high bidder pursuant to his/her duly executed bid or nomination form submitted under 43 CFR 3120 and is subject to the provisions of that bid or nomination and those specified on this form.

Term and primary term of lease:

THE UNITED STATES OF AMERICA

by

Donna L. Kronauge  
(Signing Officer)

LAND LAW EXAMINER

(Title)

FEB 28 2002

(Date)

EFFECTIVE DATE OF LEASE

MAR 01 2002

Other \_\_\_\_\_

4. (a) Undersigned certifies that (1) offeror is a citizen of the United States; an association of such citizens; a municipality; or a corporation organized under the laws of the United States or of any State or Territory thereof; (2) all parties holding an interest in the offer are in compliance with 43 CFR 3100 and the leasing authorities; (3) offeror's chargeable interests, direct and indirect, in each public domain and acquired lands separately in the same State do not exceed 246,080 acres in oil and gas leases (of which up to 200,000 acres may be in oil and gas options), or 300,000 acres in leases in each leasing District in Alaska of which up to 200,000 acres may be in options; (4) offeror is not considered a minor under the laws of the State in which the lands covered by this offer are located; (5) offeror is in compliance with qualifications concerning Federal coal lease holdings provided in sec. 2(a)(2)(A) of the Mineral Leasing Act; (6) offeror is in compliance with reclamation requirements for all Federal oil and gas lease holdings as required by sec. 17(g) of the Mineral Leasing Act; and (7) offeror is not in violation of sec. 41 of the Act.

(b) Undersigned agrees that signature to this offer constitutes acceptance of this lease, including all terms, conditions, and stipulations of which offeror has been given notice, and any amendment or separate lease that may include any land described in this offer open to leasing at the time this offer was filed but omitted for any reason from this lease. The offeror further agrees that this offer cannot be withdrawn, either in whole or in part, unless the withdrawal is received by the proper BLM State Office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed on behalf of the United States.

This offer will be rejected and will afford offeror no priority if it is not properly completed and executed in accordance with the regulations, or if it is not accompanied by the required payments. 18 U.S.C. Sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

Duly executed this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_

(Signature of Lessee or Attorney-in-fact)

## LEASE TERMS

Sec. 1. Rentals—Rentals shall be paid to proper office of lessor in advance of each lease year. Annual rental rates per acre or fraction thereof are:

- (a) Noncompetitive lease. \$1.50 for the first 5 years; thereafter \$2.00;
- (b) Competitive lease. \$1.50; for the first 5 years; thereafter \$2.00;
- (c) Other, see attachment, or

as specified in regulations at the time this lease is issued.

If this lease or a portion thereof is committed to an approved cooperative or unit plan which includes a well capable of producing leased resources, and the plan contains a provision for allocation of production, royalties shall be paid on the production allocated to this lease. However, annual rentals shall continue to be due at the rate specified in (a), (b), or (c) for those lands not within a participating area.

Failure to pay annual rental, if due, on or before the anniversary date of this lease (or next official working day if office is closed) shall automatically terminate this lease by operation of law. Rentals may be waived, reduced, or suspended by the Secretary upon a sufficient showing by lessee.

Sec. 2. Royalties—Royalties shall be paid to proper office of lessor. Royalties shall be computed in accordance with regulations on production removed or sold. Royalty rates are:

- (a) Noncompetitive lease, 12 1/2 %;
- (b) Competitive lease, 12 1/2 %;
- (c) Other, see attachment; or

as specified in regulations at the time this lease is issued.

Lessor reserves the right to specify whether royalty is to be paid in value or in kind, and the right to establish reasonable minimum values on products after giving lessee notice and an opportunity to be heard. When paid in value, royalties shall be due and payable on the last day of the month following the month in which production occurred. When paid in kind, production shall be delivered, unless otherwise agreed to by lessor, in merchantable condition on the premises where produced without cost to lessor. Lessee shall not be required to hold such production in storage beyond the last day of the month following the month in which production occurred, nor shall lessee be held liable for loss or destruction of royalty oil or other products in storage from causes beyond the reasonable control of lessee.

Minimum royalty in lieu of rental of not less than the rental which otherwise would be required for that lease year shall be payable at the end of each lease year beginning on or after a discovery in paying quantities. This minimum royalty may be waived, suspended, or reduced, and the above royalty rates may be reduced, for all or portions of this lease if the Secretary determines that such action is necessary to encourage the greatest ultimate recovery of the leased resources, or is otherwise justified.

An interest charge shall be assessed on late royalty payments or underpayments in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (FOGRMA) (30 U.S.C. 1701). Lessee shall be liable for royalty payments on oil and gas lost or wasted from a lease site when such loss or waste is due to negligence on the part of the operator, or due to the failure to comply with any rule, regulation, order, or citation issued under FOGRMA or the leasing authority.

Sec. 3. Bonds—A bond shall be filed and maintained for lease operations as required under regulations.

Sec. 4. Diligence, rate of development, unitization, and drainage—Lessee shall exercise reasonable diligence in developing and producing, and shall prevent unnecessary damage to, loss of, or waste of leased resources. Lessor reserves right to specify rates of development and production in the public interest and to require lessee to subscribe to a cooperative or unit plan, within 30 days of notice, if deemed necessary for proper development and operation of area, field, or pool embracing these leased lands. Lessee shall drill and produce wells necessary to protect leased lands from drainage or pay compensatory royalty for drainage in amount determined by lessor.

Sec. 5. Documents, evidence, and inspection—Lessee shall file with proper office of lessor, not later than 30 days after effective date thereof, any contract or evidence of other arrangement for sale or disposal of production. At such times and in such form as lessor may prescribe, lessee shall furnish detailed statements showing amounts and quality of all products removed and sold, proceeds therefrom, and amount used for production purposes or unavoidably lost. Lessee may be required to provide plats and schematic diagrams showing development work and improvements, and reports with respect to parties in interest, expenditures, and depreciation costs. In the form prescribed by lessor, lessee shall keep a daily drilling record, a log, information on well surveys and tests, and a record of subsurface investigations and furnish copies to lessor when required. Lessee shall keep open at all reasonable times for inspection by any authorized officer of lessor, the leased premises and all wells, improvements, machinery, and fixtures thereon, and all books, accounts, maps, and records relative to operations, surveys, or investigations on or in the leased lands. Lessee shall maintain copies of all contracts, sales agreements, accounting records, and documentation such as billings, invoices, or similar documentation that supports

costs claimed as manufacturing, preparation, and/or transportation costs. All such records shall be maintained in lessee's accounting offices for future audit by lessor. Lessee shall maintain required records for 6 years after they are generated or, if an audit or investigation is underway, until released of the obligation to maintain such records by lessor.

During existence of this lease, information obtained under this section shall be closed to inspection by the public in accordance with the Freedom of Information Act (5 U.S.C. 552).

Sec. 6. Conduct of operations—Lessee shall conduct operations in a manner that minimizes adverse impacts to the land, air, and water, to cultural, biological, visual, and other resources, and to other land uses or users. Lessee shall take reasonable measures deemed necessary by lessor to accomplish the intent of this section. To the extent consistent with lease rights granted, such measures may include, but are not limited to, modification to siting or design of facilities, timing of operations, and specification of interim and final reclamation measures. Lessor reserves the right to continue existing uses and to authorize future uses upon or in the leased lands, including the approval of easements or rights-of-way. Such uses shall be conditioned so as to prevent unnecessary or unreasonable interference with rights of lessee.

Prior to disturbing the surface of the leased lands, lessee shall contact lessor to be apprised of procedures to be followed and modifications or reclamation measures that may be necessary. Areas to be disturbed may require inventories or special studies to determine the extent of impacts to other resources. Lessee may be required to complete minor inventories or short term special studies under guidelines provided by lessor. If in the conduct of operations, threatened or endangered species, objects of historic or scientific interest, or substantial unanticipated environmental effects are observed, lessee shall immediately contact lessor. Lessee shall cease any operations that would result in the destruction of such species or objects.

Sec. 7. Mining operations—To the extent that impacts from mining operations would be substantially different or greater than those associated with normal drilling operations, lessor reserves the right to deny approval of such operations.

Sec. 8. Extraction of helium—Lessor reserves the option of extracting or having extracted helium from gas production in a manner specified and by means provided by lessor at no expense or loss to lessee or owner of the gas. Lessee shall include in any contract of sale of gas the provisions of this section.

Sec. 9. Damages to property—Lessee shall pay lessor for damage to lessor's improvements, and shall save and hold lessor harmless from all claims for damage or harm to persons or property as a result of lease operations.

Sec. 10. Protection of diverse interests and equal opportunity—Lessee shall: pay when due all taxes legally assessed and levied under laws of the State or the United States; accord all employees complete freedom of purchase; pay all wages at least twice each month in lawful money of the United States; maintain a safe working environment in accordance with standard industry practices; and take measures necessary to protect the health and safety of the public.

Lessor reserves the right to ensure that production is sold at reasonable prices and to prevent monopoly. If lessee operates a pipeline, or owns controlling interest in a pipeline or a company operating a pipeline, which may be operated accessible to oil derived from these leased lands, lessee shall comply with section 28 of the Mineral Leasing Act of 1920.

Lessee shall comply with Executive Order No. 11246 of September 24, 1965, as amended, and regulations and relevant orders of the Secretary of Labor issued pursuant thereto. Neither lessee nor lessee's subcontractors shall maintain segregated facilities.

Sec. 11. Transfer of lease interests and relinquishment of lease—As required by regulations, lessee shall file with lessor any assignment or other transfer of an interest in this lease. Lessee may relinquish this lease or any legal subdivision by filing in the proper office a written relinquishment, which shall be effective as of the date of filing, subject to the continued obligation of the lessee and surety to pay all accrued rentals and royalties.

Sec. 12. Delivery of premises—At such time as all or portions of this lease are returned to lessor, lessee shall place affected wells in condition for suspension or abandonment, reclaim the land as specified by lessor and, within a reasonable period of time, remove equipment and improvements not deemed necessary by lessor for preservation of producible wells.

Sec. 13. Proceedings in case of default—If lessee fails to comply with any provisions of this lease, and the noncompliance continues for 30 days after written notice thereof, this lease shall be subject to cancellation unless or until the leasehold contains a well capable of production of oil or gas in paying quantities, or the lease is committed to an approved cooperative or unit plan or communitization agreement which contains a well capable of production of unitized substances in paying quantities. This provision shall not be construed to prevent the exercise by lessor of any other legal and equitable remedy, including waiver of the default. Any such remedy or waiver shall not prevent later cancellation for the same default occurring at any other time. Lessee shall be subject to applicable provisions and penalties of FOGRMA (30 U.S.C. 1701).

Sec. 14. Heirs and successors-in-interest—Each obligation of this lease shall extend to and be binding upon, and every benefit hereof shall inure to the heirs, executors, administrators, successors, beneficiaries, or assignees of the respective parties hereto.

NOTICE FOR LANDS OF THE NATIONAL FOREST SYSTEM  
UNDER JURISDICTION OF  
DEPARTMENT OF AGRICULTURE

The permittee/lessee must comply with all the rules and regulations of the Secretary of Agriculture set forth at Title 36, Chapter II, of the Code of Federal Regulations governing the use and management of the National Forest System (NFS) when not inconsistent with the rights granted by the Secretary of Interior in the permit. The Secretary of Agriculture's rules and regulations must be complied with for (1) all use and occupancy of the NFS prior to approval of an exploration plan by the Secretary of the Interior, (2) uses of all existing improvements, such as forest development roads, within and outside the area permitted by the Secretary of the Interior, and (3) use and occupancy of the NFS not authorized by an exploration plan approved by the Secretary of the Interior.

All matters related to this stipulation are to be addressed

to: **District Ranger**, Paonia Ranger District  
Grand Mesa-Uncompahgre-Gunnison NF  
PO Box 1030, Paonia, CO 81428  
Phone: 970-527-4131

who is the authorized representative of the Secretary of Agriculture.

**NOTICE**

**CULTURAL AND PALEONTOLOGICAL RESOURCES** - The FS is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the FS, shall:

1. Contact the FS to determine if a site specific cultural resource inventory is required.
2. Engage the services of a cultural resource specialist acceptable to the FS to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the FS for review and approval at the time a surface disturbing plan of operation is submitted.

*Serial # COL 65535*

3. Implement mitigation measures required by the FS and BLM to preserve or avoid destruction of cultural resource values. Mitigation may include relocation of proposed facilities, testing, salvage, and recordation or other protective measures. All costs of the inventory and mitigation will be borne by the lessee or operator, and all data and materials salvaged will remain under the jurisdiction of the U.S. Government as appropriate.

The lessee or operator shall immediately bring to the attention of the FS and BLM any cultural or paleontological resources or any other objects of scientific interest discovered as a result of surface operations under this lease, and shall leave such discoveries intact until directed to proceed by FS and BLM.

**ENDANGERED OR THREATENED SPECIES** - The FS is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the FS that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resource specialist approved by the FS. An acceptable report must be provided to the FS identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

NO SURFACE OCCUPANCY STIPULATION  
WETLANDS/FLOODPLAINS/RIPARIAN AREAS

No surface occupancy or use is allowed on the lands defined as a Wetland, a Floodplain, or a Riparian area. These areas are generally shown on USGS quadrangle maps.

Wetlands, Floodplains and Riparian Areas of any defined drainage or location containing these specific ecosystem types come under jurisdiction of this stipulation. Drill pads, staging areas and storage sites will not be allowed in these areas. When road locations must occur in these areas, streams will be crossed at right angles and access across other areas will be held to a minimum. Streams will not be paralleled by roads through these areas.

Location of these areas which is more specific than can be identified on USGS topographical maps will come at the APD stage based on on-the-ground observations.

**For the purpose of:**

The management of wetlands and floodplains are subject to Executive Orders 11990 and 11988, respectively. The purpose of the EO's are to avoid to the extent possible the long and short term adverse impacts associated with the destruction or modification of wetlands and floodplains and to avoid direct or indirect support of new construction in wetlands wherever there is a practical alternative.

Also, it is recognized that there is a direct relationship between impacts on such areas and effects on water quality and aquatic ecosystems. There is a high risk of irreversible and irretrievable impacts on the latter with operation and developments in wetlands, floodplains and riparian areas.

Waivers, exceptions, or modifications (WEM's) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

**Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)**

NSO-WFR 4/97

*Serial #COC65535*

NO SURFACE OCCUPANCY STIPULATION  
SLOPES >60%

No surface occupancy or use is allowed on the lands described below (legal subdivision or other description).

Portions of Secs. 16, 17 and 18, T12S, R91W, 6TH PM as shown on the attached map created on 12/3/1999 by Liane Mattson which becomes a part hereof. All areas within the leasehold with 60% slopes or greater fall under jurisdiction of this stipulation.

**For the purpose of:**

Protection of areas with slopes greater than 60% to prevent impacts to soil resources through erosion, mass failure, loss of productivity, etc.

Waivers, exceptions, or modifications (WEM's) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

**Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)**

NSO-60%+ 2/94

**CONTROLLED SURFACE USE STIPULATION  
MODERATE GEOLOGIC HAZARDS**

Surface occupancy or use is subject to the following special operating constraints.

Special interdisciplinary team analysis and mitigation plans detailing construction and mitigation techniques will be required on areas having moderate geologic hazards. (Interdisciplinary team disciplines could include: geotechnical engineer, soils engineer, roads engineer, oil and gas specialist and reclamation specialist.) Attributes constituting moderate geologic hazard include stabilized earthflows, stabilized mudflows and stabilized landslides; slopes adjacent to failed slopes or active earthflows, mudflows or landslides and avalanche chutes; areas of rockfall; flash flood zones; and areas with potential mining related problems (i.e., subsidence, acid drainage).

**On lands described below:**

Portions of Sections 16, 17 and 18, T12S., R91W, 6th PM as shown on the attached map prepared on 12/3/99 by Liane Mattson, which becomes a part hereof. Any area within the leasehold which is identified as having moderate geologic hazard falls under jurisdiction of this stipulation.

**For the purpose of:**

To insure the stability of facilities required (roads, pipelines, drillpads, etc.) during the oil and gas operations and to insure the stability of lands adjacent to these facilities.

Waivers, exceptions, or modifications (WEM'S) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

**Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1650 and 2820.)**

CSU-MGH 2/94



Serial # COC 65535

**CONTROLLED SURFACE USE STIPULATION**  
**SLOPES 40-60%**

Surface occupancy or use is subject to the following special operating constraints.

Special inter-disciplinary team analysis and mitigation plans detailing construction and mitigation techniques will be required on areas with slopes ranging from 40-60%. (Inter-disciplinary team disciplines could include engineering, soil scientist, hydrologist, landscape architect, reclamation specialist and oil and gas specialist.)

Mitigation may include use of erosion control cloths, mats, geoweb soil support materials, lifting and saving local native vegetation in chunks of sod to be later placed over disturbed areas, reseeding disturbed banks with stabilizing seed mix, use of chemical stabilizers, tackifiers and blankets and careful design of surface water flow.

**On lands described below:**

All or portions of Sections 16, 17 and 18, T12S., R91W, 6TH PM as shown on the attached map prepared on 12/3/99 by Liane Mattson which becomes a part hereof. Any area within the leasehold which has slopes ranging from 40-60% falls under jurisdiction of this stipulation.

**For the purpose of:**

Minimizing potential for soil loss, mass land movement, revegetation failure and unacceptable visual impairment.

Waivers, exceptions, or modifications (WEM'S) to this stipulation will be considered only at the time operations are proposed, and will be subject to the Forest Land and Resource Management Plan in effect at the time of consideration, and will be subject to applicable regulatory and environmental compliance requirements. Granting of a WEM is a discretionary action which the operator should not routinely expect. The Forest Service reserves the right to impose other stipulations in the same area of this leasehold if a WEM is granted.

**Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1650 and 2820.)**

CSU 40-60 4/97

Serial No. C-19991014-15

Parcel No. C0C65535

## LEASE NOTICE

### Roadless Area Conservation Rule

Lands contained in this lease may be subject to the rule entitled "Special Areas; Roadless Area Conservation Rule; Final Rule" published in the Federal Register on January 12, 2001.

#### FURTHER INFORMATION:

In accordance with the memorandum "Regulatory Review Plan" issued from the Assistant to the President and Chief of Staff on January 20, 2001 and published in the Federal Register on January 24, 2001, the effective date of the above-referenced rule is temporarily delayed from March 13, 2001 to May 12, 2001.

EXHIBIT UB-10

Lease Number: COC65535

COALBED METHANE/COAL MINING STIPULATION

On the lands described below:

T: 0120S R: 0910W, 6<sup>th</sup> PM

Section 16: Lot 3,4;

Section 16: W2,W2SE;

Section 17: E2SE;

For the purpose of (reasons):

To protect the maximum economic recovery and safety of coal mining where the overburden is 3500 feet or less.

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of the stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

Exception Criteria:

Within the Paonia-Somerset Known Recoverable Coal Resource Area (KRCRA), coal and oil and gas leasing and development will be managed consistent with land use plans and lease terms. More specifically, the portions of the KRCRA where the overburden above the B-Seam of the Mesa Verde coals is less than 3500 feet will be managed primarily for the exploration and development of the coal resources. Oil and gas operators anticipating exploration or development operations are encouraged to consult and coordinate their activities with the affected coal operators. In the event that the oil and gas and coal operators are unable to reach agreement on proposed oil and gas exploration or development, the BLM authorized officer will intervene and use all pertinent lease terms, regulations, and policy to determine what course of action is in the public's interest. However, under no circumstances will the BLM approve any oil and gas operations that compromise maximum economic coal recovery or the safety of underground mining operations

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

Form approved  
Budget Bureau No. 10090

Office

C-13563

Serial No.

RECEIVED  
BR. OF MINERAL CLASS.

OCT 1 1971

OFFER TO LEASE AND LEASE FOR OIL AND GAS  
(Sec. 17 Noncompetitive Public Domain Lease)

The undersigned hereby offers to lease all or any of the lands described in item 2 that are available for lease, pursuant and subject to the terms and provisions of the Act of February 25, 1920 (41 Stat. 437, 30 U. S. C. sec. 181), as amended, hereinafter referred to as the Act and to all reasonable regulations of the Secretary of the Interior now or hereafter in force, when not inconsistent with any express and specific provisions herein, which are made a part hereof.

Mr.  
Mrs.  
Miss

DAVID M. MUNSON

(First Name, Middle Initial, Last Name)

3200 FIRST NATIONAL BANK BUILDING

(Number and Street)

DALLAS, TEXAS 75202

(City, State, ZIP Code)

Please notify the  
Bureau office of any  
change of address.

RECEIVED  
LAND OFFICE  
COLORADO  
DENVER, COLO.

11 AUG 1971

DEPT. OF THE  
INTERIOR  
BUREAU OF LAND  
MANAGEMENT

Pine

2. Land requested: State COLORADO County DELTA T. 13S R. 94W 6th P Meridian

Section 12: All  
Section 13: All  
Section 14: All  
(Section 15: All)

T12S  
R94W

Total Area 2560.00 Acres

3. Land included in lease: State County Lands in lease were not within a known geologic structure on date of lease issuance.

This Lease Embraces the Area and  
the Land Described in Item 2.

Jim Carter  
(Acting) District Geologist  
For the Director  
U. S. Geological Survey  
Acres Rental retained \$

(Offeror does not fill in this block)

Total Area

4. Amount remitted: Filing fee \$10, Rental \$ 1280.00, Total \$ 1290.00

5. Undersigned certifies as follows:

(a) Offeror is a citizen of the United States. Native born ☒ Naturalized ☐ Corporation or other legal entity (specify what kind):

(b) Offeror's interests, direct and indirect, do not exceed 200,000 acres in oil and gas options or 248,000 chargeable acres in options; offers to lease and leases in the same State, or 300,000 chargeable acres in leases, offers to lease and options in each leasing district in Alaska. (c) Offeror accepts as a part of this lease, to the extent applicable, the stipulations provided for in 43 CFR 3103.2. (d) Offeror is 21 years of age or over (or if a corporation or other legal entity, is duly qualified as shown by statements made or referred to herein). (e) Offeror has described all surveyed lands by legal subdivisions, all lands covered by protracted surveys by appropriate subdivisions thereof, or all unsurveyed lands not covered by protracted surveys by miles and bounds, and further states that there are no settlers on unsurveyed lands described herein.

6. Offeror ☒ is ☐ is not the sole party in interest in this offer and lease, if issued. (If not the sole party in interest, statements should be filed as prescribed in Item 6 of the Special Instructions.)

7. Offeror's signature to this offer shall also constitute offeror's signature to, and acceptance of, this lease and any amendment thereto that may cover any land described in this offer open to lease application at the time the offer was filed but omitted from this lease for any reason, or signature to, or acceptance of, any separate lease for such land. The offeror further agrees that (a) this offer cannot be withdrawn, either in whole or in part, unless the withdrawal is received by the land office before this lease, an amendment to this lease, or a separate lease, whichever covers the land described in the withdrawal, has been signed in behalf of the United States, and (b) this offer and lease shall apply only to lands not within a known geologic structure of a producing oil or gas field.

8. If this lease form does not contain all of the terms and conditions of the lease form in effect at the date of filing, the offeror further agrees to be bound by the terms and conditions contained in that form.

9. It is hereby certified that the statements made herein are complete and correct to the best of offeror's knowledge and belief and are made in good faith.

Offeror duly executed this instrument this 6th day of August, 1971

(Lessee signature)

DAVID M. MUNSON (Lessee signature)

(Attorney-in-fact)

This lease for the lands described in item 3 above is hereby issued, subject to the provisions of the offer and on the reverse side hereof.

"THIS LEASE IS SUBJECT TO THE DETERMINATION BY THE GEOLOGICAL SURVEY AS TO WHETHER THE LANDS HEREIN DESCRIBED WERE ON A KNOWN GEOLOGIC STRUCTURE ON A PRODUCING OIL OR GAS FIELD AS OF THE DATE OF SIGNING HEREOF BY THE AUTHORIZED OFFICER."

THE UNITED STATES OF AMERICA

By Joe M. Clark (Signing officer)

Effective date of lease OCT 1 1971

Chief, Branch of Minerals Operations

SEP 29 1971

THIS OFFER MAY BE REJECTED AND RETURNED TO THE OFFEROR AND WILL AFFORD THE OFFEROR NO PRIORITY IF IT IS NOT PROPERLY FILLED IN AND EXECUTED OR IF IT IS NOT ACCOMPANIED BY THE REQUIRED DOCUMENTS OR PAYMENTS.

18 U. S. C. sec. 1001 makes it a crime for any person knowingly and willfully to make to any Department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

This form may be reproduced provided that the copies are exact reproductions on one sheet of both sides of the original form, in accordance with the provisions of 36 CFR 201.10.

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1. The first part of the document is a list of names and their corresponding dates. The names are: "John Doe", "Jane Smith", "Bob Johnson", "Alice Brown", "Charlie White", "David Green", "Eve Black", "Frank Gray", "Grace Pink", "Henry Blue", "Ivy Yellow", "Jack Purple", "Karen Red", "Leo Orange", "Mia Silver", "Noah Gold", "Olivia Bronze", "Pete Copper", "Quinn Iron", "Rory Tin", "Sam Lead", "Tina Zinc", "Uma Nickel", "Victor Platinum", "Wendy Silver", "Xavier Gold", "Yara Bronze", "Zoe Copper". The dates are: "1980-01-01", "1980-02-01", "1980-03-01", "1980-04-01", "1980-05-01", "1980-06-01", "1980-07-01", "1980-08-01", "1980-09-01", "1980-10-01", "1980-11-01", "1980-12-01", "1981-01-01", "1981-02-01", "1981-03-01", "1981-04-01", "1981-05-01", "1981-06-01", "1981-07-01", "1981-08-01", "1981-09-01", "1981-10-01", "1981-11-01", "1981-12-01", "1982-01-01", "1982-02-01", "1982-03-01", "1982-04-01", "1982-05-01", "1982-06-01", "1982-07-01", "1982-08-01", "1982-09-01", "1982-10-01", "1982-11-01", "1982-12-01".

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UNITED STATES DEPT. OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT  
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STIPULATION FOR LANDS UNDER JURISDICTION OF DEPARTMENT OF AGRICULTURE\*

The lands embraced in this lease or permit being under the jurisdiction of the Secretary of Agriculture, the lessee or permittee hereby agrees:

RECEIVED  
COLORADO LAND OFFICE  
DENVER, COLO.

(1) To conduct all operations authorized by this lease or permit with due regard for good land management, not to cut or destroy timber without first obtaining permission from the authorized representative of the Secretary of Agriculture, and to pay for all such timber cut or destroyed at the rates prescribed by such representative; to avoid unnecessary damage to improvements, timber, crops, or other cover; unless otherwise authorized by the Secretary of Agriculture, not to drill any well, carry on operations, make excavations, construct tunnels, drill, or otherwise disturb the surface of the lands within 200 feet of any building standing on the lands and whenever required, in writing, by the authorized representative of the Secretary of Agriculture to fence or fill all sump holes, ditches, and other excavations; remove or cover all debris, and so far as reasonably possible, restore the surface of the lands to their former condition, including the removal of structures as and if required, and when required by such representative to bury all pipelines below plow depth.

(2) To do all in his power to prevent and suppress forest, brush, or grass fires on the lands and in their vicinity, and to require his employees, contractors, subcontractors, and employees of contractors or subcontractors to do likewise. Unless prevented by circumstances over which he has no control, the lessee or permittee shall place his employees, contractors, subcontractors, and employees of contractors and subcontractors employed on the lands at the disposal of any authorized officer of the Department of Agriculture for the purpose of fighting forest, brush, or grass fires on or originating on the lands or on adjacent areas or caused by the negligence of the lessee or permittee or his employees, contractors, subcontractors and employees of contractors and subcontractors, with the understanding that payment for such services shall be made at rates to be determined by the authorized representative of the Secretary of

Agriculture, which rates shall not be less than the current rates of pay prevailing in the vicinity for services of a similar character: *Provided*, that if the lessee or permittee, his employees, contractors, subcontractors, or employees of contractors or subcontractors, caused or could have prevented the origin or spread of said fire or fires, no payment shall be made for services so rendered.

During periods of serious fire danger to forest, brush, or grass, as may be specified by the authorized representative of the Secretary of Agriculture, the lessee or permittee shall prohibit smoking and the building of camp and lunch fires by his employees, contractors, subcontractors, and employees of contractors or subcontractors within the area involved except at established camps, and shall enforce this prohibition by all means within his power: *Provided*, that the authorized representative of the Secretary of Agriculture may designate safe places where, after all inflammable material has been cleared away, campfires may be built for the purpose of heating lunches and where, at the option of the lessee or permittee, smoking may be permitted.

The lessee or permittee shall not burn rubbish, trash, or other inflammable materials *except* with the consent of the authorized representative of the Secretary of Agriculture and shall not use explosives in such a manner as to scatter inflammable materials on the surface of the lands during the forest, brush, or grass fire season, *except* as authorized to do so or on areas approved by such representative.

The lessee or permittee shall build or construct such fire lines or do such clearing on the lands as the authorized representative of the Secretary of Agriculture decides is essential for forest, brush, and grass fire prevention which is or may be necessitated by the

\*This form of stipulation may be used in connection with leases and permits issued under the Acts of February 25, 1920, as amended (30 U.S.C. 181 *et seq.*); August 7, 1947 (30 U.S.C. 351 *et seq.*); February 7, 1927, as amended (30 U.S.C. 281 *et seq.*); April 17, 1926, as amended (30 U.S.C. 271 *et seq.*); October 20, 1914, as

amended (48 U.S.C. 432 *et seq.*); June 28, 1944 (58 Stat 463 *et seq.*); September 1, 1949 (30 U.S.C. 192c); June 30, 1950 (16 U.S.C. 508b); or under the authority of any of the Acts cited in Section 402 of the President's Reorganization Plan No. 3 of 1946 (5 U.S.C. 133y-16, Note).

exercise of the privileges authorized by this lease or permit, and shall maintain such fire tools at his headquarters or at the appropriate location on the lands as are deemed necessary by such representative.

(3) In the location, design, construction and maintenance of all authorized works, buildings, plants, waterways, roads, telegraph or telephone lines, pipelines, reservoirs, tanks, pumping stations, or other structures or clearance, the lessee or permittee shall do all things reasonably necessary to prevent or reduce to the fullest extent scarring and erosion of the lands, pollution of the water resources and any damage to the watershed. Where construction, operation, or maintenance of any of the facilities on or connected with this lease or permit causes damage to the watershed or pollution of the water resources, the lessee or permittee agrees to repair such damage and to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by the authorized representative of the Secretary of Agriculture.

(4) To pay the lessor or permitter or his tenant or the surface owner or his tenant, as the case may be, for any and all damage to or destruction of property caused by the lessee's or permittee's operations hereunder; to save and hold the lessor or permitter or the surface owner or their tenants harmless from all damage or claims for damage to persons or property resulting from the lessee's or permittee's operations under this lease or permit.

(5) To recognize existing uses and commitments, in the form of Department of Agriculture grazing, timber cutting, and special use permits, water developments, ditch, road, trail, pipeline, telephone line, and fence rights-of-way and other similar improvements, and to conduct his operations so as to interfere as little as possible with the rights and privileges granted by these permits or with other existing uses.

(6) To install and maintain cattle guards to prevent the passage of livestock in any openings made in fences by the lessee or permittee or his contractors to provide access to the lands covered by this lease or permit for automotive and other equipment.

(7) If lessee or permittee shall construct any camp on the lands, such camp shall be located at a place approved by the authorized representative of the Secretary of Agriculture, and such representative shall have authority to require that such camp be kept in in a neat and sanitary condition.

(8) To comply with all the rules and regulations of the Secretary of Agriculture governing the national forests or other lands under his jurisdiction which are embraced in this lease or permit.

(9) Unless otherwise authorized, prior to the beginning of operations to appoint and maintain at all times during the term of this lease or permit a local agent upon whom may be served written orders or notices respecting matters contained in this stipulation, and to inform the authorized representative of the Secretary of Agriculture, in writing, of the name and address of such agent. If a substitute agent is appointed, the lessee or permittee shall immediately so inform the said representative.

(10) To address all matters relating to this stipulation to Forest Supervisor, Grand Mesa - Uncompahgre National Forest,

at Delta, Colorado,

who is the authorized representative of the Secretary of Agriculture, or to such other representative as may from time to time, be designated, provided that such designation shall be in writing and be delivered to the lessee or permittee or his agent.

(11) If all or any part of the lands lie within a municipal watershed, or are, in the opinion of the authorized representative of the Secretary of Agriculture, primarily valuable for watershed protection, the lessee or permittee shall reseed or otherwise restore the vegetative cover, as required by the authorized representative of the Secretary of Agriculture, for watershed protection and erosion prevention on any areas damaged because of the operation.



(Signature of Lessee)

C-1356

**SUPPLEMENTAL STIPULATION TO STIPULATION FOR LANDS UNDER JURISDICTION OF DEPARTMENT OF AGRICULTURE**

To be attached to and made a part of Form 3109-3.

- (a) At least two weeks before beginning of any clearing, construction, or operations, including access and work road location and construction, the lessee shall prepare a "Lessee Surface Management Operating Plan" with the District Ranger,

**Grand Junction, Colorado.**

The final plan shall be prepared in triplicate, including maps, for the approval by the Forest Supervisor. Such approval will be conditional on reasonable requirements needed to prevent soil erosion, water pollution, and unnecessary damage to the surface vegetation and other resources of the United States and to provide for the restoration of the land surface and vegetation. The plan shall contain all such provisions as the Forest Service may deem necessary to maintain proper management of the lands and resources within the operating area.

Where appropriate, depending upon the location and type of operation, the Forest Supervisor may require the plan to contain, at a minimum, the following items:

1. The location, construction specifications, maintenance program, and estimated use by the lessee, his employees and agents, of all access and work roads.
2. The exact location and extent of any and all areas to be occupied during the operations.
3. The methods to be used in the operations, including disposal of waste material.
4. The size and type of equipment to be used in the operation.
5. The capacity, size, character, standards of construction and location of all structures and facilities to be constructed.
6. Typical profiles of cuts and fills of all areas to be graded for the installation of structures and facilities.
7. The location and size of areas upon which vegetation will be destroyed and/or soil laid bare and the steps which will be taken to prevent and control soil erosion thereon, including but not limited to the proposed program for rehabilitation and revegetation of these disturbed lands both during and upon cessation of operations.
8. The steps which will be taken to prevent water pollution.
9. The character, amount, and time of use of explosives or fire, including safety precautions which will be taken during their use.
10. Forest uses, permitted livestock, and wildlife protection.

If later operations require departure from or additions to the approved plan, these revisions or amendments, together with justification statement for proposed revisions, will be submitted to the District Ranger for approval of the Forest Supervisor.

Any and all operations conducted in advance of approval of an original, revised, or amended operating plan, or which are not in accord with an approved plan, constitute a violation of the terms of this lease and the Forest Service reserves the right to close down the operation until such corrective action, as is deemed necessary, is taken by the lessee.

- (b) (1) To guarantee the successful rehabilitation and revegetation of abandoned operating areas, as provided for in the "Lessee Surface Management Operating Plan," paragraph (a) above, the Forest Service is agreeable to the reduction of lease or operator bonds to an amount necessary to cover the estimated cost of rehabilitation and revegetation, providing that the lessee has otherwise satisfied the conditions of this lease and the United States Geological Survey and the Bureau of Land Management have approved such a reduction.

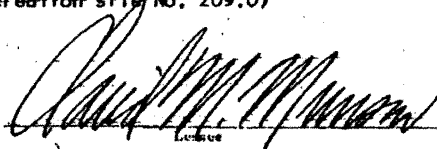
(2) In lieu of bond, the lessee may upon mutual agreement with the Forest Supervisor deposit cooperative funds sufficient to cover the cost of rehabilitating and revegetating abandoned operating areas. When such funds have been deposited, the Forest Supervisor shall notify the United States Geological Survey that the requirements of the Forest Service have been satisfied, providing that all other conditions of the lease which concern the Forest Service have been satisfied.

- (c) No occupancy of the surface of the following areas is authorized by this lease. The lessee is, however, authorized to employ directional drilling to develop the mineral resources under these areas provided that such drilling or other works will not disturb the surface area or otherwise interfere with their use by the Forest Service. It is understood and agreed that the use of these areas for National Forest purposes is superior to any other use. Areas to be excluded from direct drilling occupancy are:

- (1) Within 500 feet on either side of the centerline of any and all roads and/or highways within the lease areas.
- (2) Within 300 feet on either side of the centerline of any and all trails within the lease area.
- (3) Within 500 feet of the normal highwater line of any and all lakes, ponds, and reservoirs located within the lease area.
- (4) Within 500 feet of the normal highwater line of any and all streams in the area.

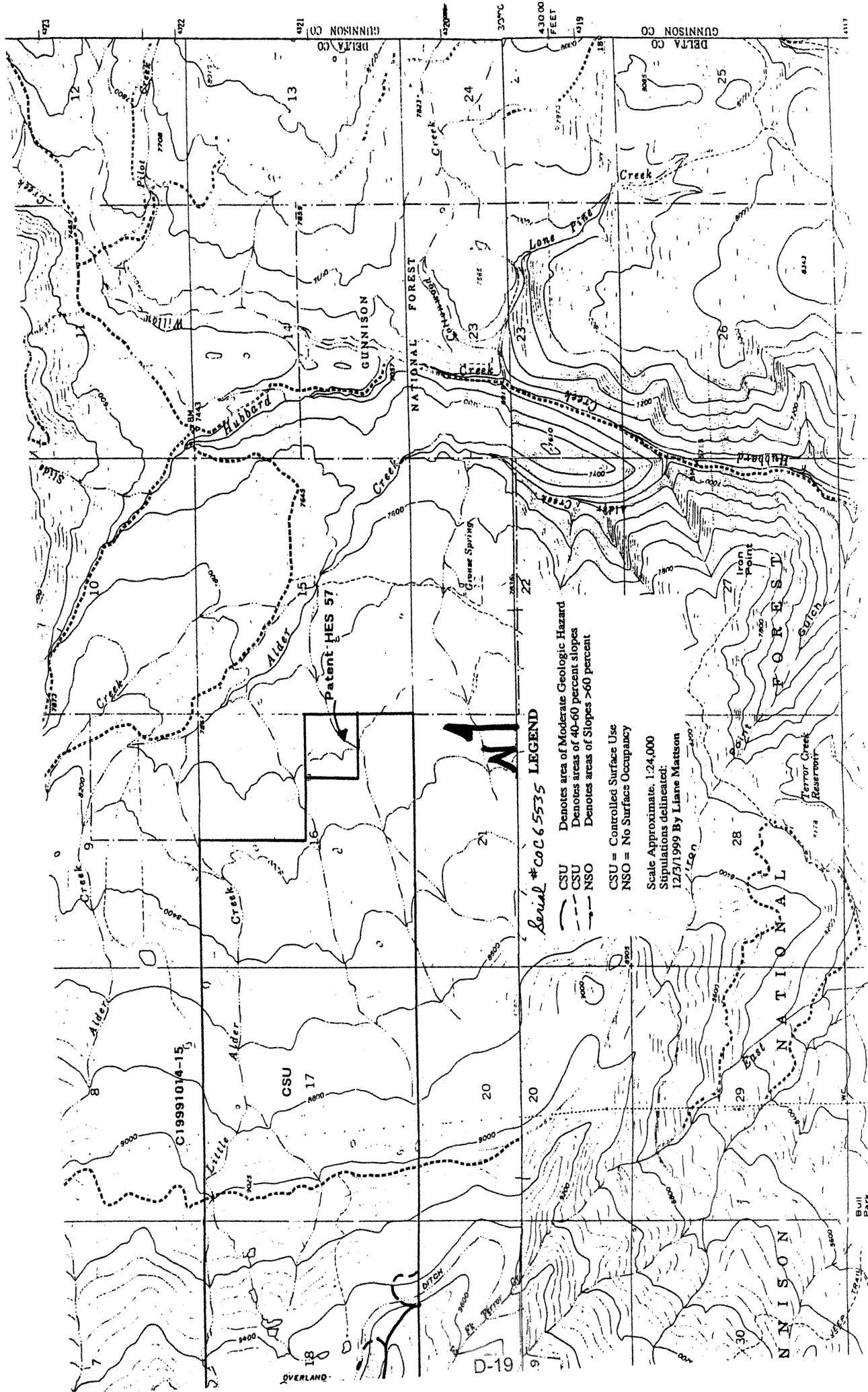
The distances in subparagraphs 1, 2, 3, and 4 immediately above may be reduced when specifically agreed to in the operating plan, see paragraph (a).

- (5) Within 400 feet of any and all springs within the lease area.
- (6) Within 400 feet of any improvements either owned, permitted, leased or otherwise authorized by the Forest Service.
- (7) Within the following described land:  
T. 12'S., R. 94'W., 6th P.M.  
Sec. 12; NW 1/4 (proposed recreation site No. 209.0)

  
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Lessee







Serial #COC65535

LEGEND

- CSU Denotes area of Moderate Geologic Hazard
- CSU Denotes areas of 40-60 percent slopes
- NSO Denotes areas of Slopes >60 percent

CSU = Controlled Surface Use  
 NSO = No Surface Occupancy

Scale Approximate, 1:24,000  
 Stipulations delineated:  
 12/2/1999 By Liane Mattson

C199910/4-15

OVERLAND

D-19

Bull Park